

# ARS □ CSREES □ ERS □ NASS

## *Policies and Procedures*

***Title:*** Debt Complaints

***Number:*** 461.4

***Date:*** 9/08/86

***Originating Office:*** Personnel Division  
Labor and Employee Relations Branch

***This Replaces:*** 461.4 Dated 4/14/81

***Distribution:*** Headquarters, Areas, and Locations

This DIRECTIVE provides procedures for implementing USDA policy as prescribed in Section 0.735.18, Title 7, Code of Federal Regulations, with regard to debt complaints against ARS employees and describes the participation of supervisors and PD. Changes are not shown by arrows.

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## **1. ABBREVIATIONS**

- IRS - Internal Revenue Service
- PD - Personnel Division

## **2. FORM**

SF-52, Request for Personnel Action

## **3. POLICY**

Employees who fail to pay their Just debts in a timely and proper manner will be subject to disciplinary action. A proper and timely manner means a manner which does not reflect adversely on ARS or USDA.

ARS will deny creditors access to employees (either by phone or in person) for the purpose of presenting or collecting debts while employees are on official duty.

## **4. RESPONSIBILITIES**

### **Employees will:**

- Pay their just debts in a timely and proper manner.
- Avoid discrediting ARS by incurring debts they cannot pay.
- When debt complaints are received by ARS:
  - Furnish their supervisors with all requested information about the debt.
  - Carry out supervisor's instructions to satisfy debts.
  - Adhere to agreements reached with creditors to satisfy unpaid debts.

### **Supervisors will:**

- Review debt complaints and discuss them with employees to determine validity.

- Interview employees to arrange for satisfying just complaints.
- Notify creditors of agreements reached with employees.
- Recommend disciplinary action if the employee:
  - Refuses to make arrangements with the creditor to pay acknowledged debts;
  - Refuses to provide statements in accordance with the supervisor's instructions; or
  - Fails to pay according to his/her agreement with the creditor.

**PD will** refer debt complaints through appropriate channels to the supervisory level for handling.

## **5. PROCEDURE**

### **Responsible Person**

### **Supervisor**

#### **When dealing with creditors:**

- Treat creditors with courtesy and give them the same consideration and cooperation offered any person coming to ARS for assistance.
- Make certain each debt complaint received contains sufficient information to provide a basis for a satisfactory interview with the employee. The supervisor should require the creditor to provide:
  - The method used in establishing the employee's credit.
  - The date and amount of original debt.
  - Terms of the contract.
  - The date and amount of each payment.

- The current balance.
- Efforts he/she has made to collect, such as letters, calls, and visits to the employee's residence.
- Specific legal action taken, if any.

NOTE: To obtain this information, supervisors should use Exhibit 1.

- Notify the creditor of the employee's plan for paying the debt.
- Notify the creditor that no action can be taken when the employee:
  - Does not agree with the creditor over the amount or terms of a debt, or
  - Denies the debt entirely, unless the creditor obtains a Judgment or provides proof of the existence and terms of the debt.

**In dealing with employees:**

- Interview the employee regarding his/her indebtedness.
- If the employee admits the creditor's complaint to be true:
  - Determine the employee's ability to pay.
  - Make every reasonable effort to reach an agreement acceptable to both the employee and the creditor.
  - Require the employee to submit a written statement regarding the debt. The statement should include:
    - Acknowledgment of the debt.
    - Total amount owed.
    - Dates payments will be made.
    - Amount of each payment.

- Remind the employee that he/she may wish to avail himself/herself of the services of the Employee Assistance Program for assistance in addressing the problem of indebtedness.
- If the employee disputes the validity of the debt complaint, require him/her to submit a statement explaining his/her position.
- If the employee can show reasonable cause for not paying the debt, notify the creditor in writing when payments may be expected.
- Recommend disciplinary action if the employee:
  - Refuses to agree to a method of paying his/her Just debts.
  - Refuses to furnish a statement to his/her supervisor.
  - Fails to pay according to the agreement.

NOTE: When recommending disciplinary action, the supervisor shall submit to PD:

- Copies of correspondence with the employee and the creditor.
- A signed copy of the employee's agreement if one has been made.
- A chronological description of action taken.
- The statement of the employee concerning his/her indebtedness if the employee wants to make one.

## **6. DELINQUENT INCOME TAXES AS DEBTS**

**Federal Income Taxes.** The Internal Revenue Code of 1954 permits IRS to levy upon accrued salary and wages of Federal employees to satisfy delinquent tax claims. IRS expects the employee to arrange a settlement direct with their office. Should the employee fail to arrange a satisfactory settlement, IRS may file a notice of levy to garnish the employee's entire "take home pay." This notice of levy is filed with the National Finance Center which will make the deductions. A copy of the notice of levy will be forwarded to the employee.

## **7. DEDUCTIONS FOR ALIMONY AND CHILD SUPPORT PAYMENTS**

Federal regulations provide for deductions from employees' salaries for alimony and child support payments. If an ARS official receives a court order or other correspondence regarding these matters, such court order or correspondence will be referred through PD to the Office of the General Counsel, USDA, South Building, 12th and Independence Avenue, Washington, D.C. 20250.

## **8. COURT JUDGMENT IN CREDITOR'S FAVOR**

When a creditor furnishes a copy of a court Judgment in his/her favor, the debt must be considered valid unless the employee arranges to have the judgment set aside or modified by a court or unless he/she enters a written agreement of compromise with the creditor. In satisfying a judgment, an employee may do so by lump-sum payment or in reasonable installments, whichever he/she chooses. No deductions from employees' salaries are permitted to satisfy debts to creditors.

T. J. CLARK  
Deputy Administrator  
Administrative Management  
Exhibit  
1 Letter Regarding Employee's Debt

Exhibit 1

**United States  
Department of  
Agriculture**

**Agricultural  
Research  
Service**

**Personnel  
Division**

**Beltsville, Maryland  
20705**

(Date)

(Name and Address of Creditor)

Re: (Name of Employee)

Dear (Name of Creditor):

The U.S. Department of Agriculture considers that the prime responsibility for collection of personal debts lies with the creditor. He/she has the privilege of making thorough investigations before extending credit.

When adequate efforts have been made to obtain payment and failed, assistance will be given by the Department to the extent of discussing the situation with the employee and encouraging him/her to make prompt arrangements to meet the obligation, if it is an acknowledged one.

Your letter does not furnish sufficient information to provide the basis for a satisfactory interview with the employee. If you will furnish the following data, the employee will be interviewed:

- 1 The method used in establishing the employee's credit.
- 2 The date and amount of original debt.
- 3 Terms of the contract.
- 4 The date and amount of each payment.
- 5 The current balance owed.
- 6 Specific legal or other action taken to collect.

The Department expects its employees to pay their Just debts and to maintain in the community a reputation for honoring their obligations.

Sincerely,

(Name and Title)